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Rafsanjani's Contact With the Navy

Incredible as it seems, the high-level Iranian official who first dickered with the White House for arms and then blew the whole deal has continued to make secret overtures to the United States. Hashemi-Rafsanjani, speaker of the Iranian parliament and a possible successor to the Ayatollah Khomeini, recently reopened an undercover negotiating channel with the U.S. Navy.

The Navy had wanted to buy back some aircraft maintenance equipment from Iran. But the deal fell through early last year, when the Iranians demanded U.S. missiles and other weapons instead of cash. We have since learned, however, that the same Navy man who conducted the aborted negotiations in 1985-86 met with his Iranian contact in a London military club Jan. 9, 1987—reopening the negotiations with Rafsanjani. Here's what knowledgeable Navy sources told us:

The Navy man, a reserve officer on active duty, discussed the Navy's need for the equipment—diagnostic "test benches" for F-14s—with a Naval Air Systems Command official on June 3, 1985, and agreed to contact the Iranians through a millionaire British friend.

Navy intelligence analysts had determined there were at least six of the test benches in Iran, five of them never used. These test benches are no longer produced, but the Navy needed some for three new aircraft carriers. It hoped to buy the Iranians' on the cheap, since Tehran had only a handful of F-14s in decent enough shape to need the electronic diagnostic machines.

The Navy reservist set up his contacts with Tehran in the summer of 1985. But he refused to make any substantive step until he had a letter of authorization from the Navy. This he got in September. The negotiator also got authority to proceed from a Navy lawyer, Attorney General Edwin Meese and State Department legal adviser Abraham Sofaer.

In the first week of October 1985, the Navy man flew to London for his first meeting with Rafsanjani's emissary, a young Iranian engineer. The American had gone on leave from active duty—a technicality that would give the Navy "deniability" and also allow the negotiator to collect any eventual finder's fee for bringing off the deal.

The Iranian told the American there were nine test benches, not six. The American began the bidding at \$6.25 million and gradually worked his way up to \$10 million over a period of several days. The Iranian negotiator accepted—not knowing that the American could have gone to \$20 million, the amount Congress had appropriated for F-14 testing and evaluation. The Navy figured this would eliminate the more than \$100 million cost of restarting the test-bench production line, and also would not require a wait of 18 to 26 months for the equipment.

Details of the Navy delivery were hammered out in London in mid-November. But a hitch developed: the Iranians wanted the Navy to sell them TOW antitank missiles. The Navy refused, having no idea that President Reagan had already approved the sale to Iran of 508 TOW missiles via Israel.

The Navy's rebuff ended the negotiations until January 1986, when the American and the Iranian met again in London. The Iranian demand had escalated to include Hawks, Phoenix air-to-air missiles and other weapons in addition to the TOWs. Instead, the American tried to persuade the Iranians to accept hospital equipment.

The Navy negotiations with Iran broke off almost simultaneously with the secret trip to Tehran of former national security adviser Robert McFarlane on May 25.

When the Iran-contra scandal broke in November, the Navy reservist made no further attempt to resume negotiations for the F-14

testing equipment—even though he was personally "out" some \$14,000 in expenses from the aborted deal. Then, to his surprise, he was contacted by the Iranian engineer while in London on vacation. Rafsanjani was still interested. The American is now awaiting another contact.

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